

MINUTES OF THE BOARD OF MANAGEMENT MEETING OF MID-WALES HOUSING ASSOCIATION HELD AT THE MEDIA RESOURCE CENTRE, LLANDRINDOD WELLS ON 28TH SEPTEMBER 2011

- Present:** Mr. Nick Hoskins (Chair), Mr. David Evans (Deputy Chair), Mrs. Susan Trevor, Mr. Jim Lloyd, Mr. Richard Martin, Mrs. Morag Bailey, Ms. Julie Pearce, Mr. Brian Christopher, Mrs. Olivia Davies, Ms. Suzan Willis and Mr. Ray Dowling.
- Observers:** Mrs. Christine Field, Mr. Paul Doughty and Cllr. John Steadman (agenda items 1-20 only).
- Officers:** Mr. Shane Perkins (Chief Executive), Mr. Charles Brotherton (Director of Corporate Services), Mr. Aidan Ackerman (Director of Operational Services) and Mrs. Janet Price (Minute Taker).

The Chair welcomed everyone to the meeting and particularly referred to the anticipated valuable contribution new Board Members Mrs. Olivia Davies and Ms. Suzan Willis will make. He also welcomed Mrs. Field and Mr. Doughty, who are tenants of the Association.

1. APOLOGIES	ACTION
Apologies were received from Mr. Wynne Davies and Mrs. Sue Thomas (Ceredigion County Council).	
2. DECLARATIONS OF INTEREST OF ANY ITEM TO BE DISCUSSED ON THE AGENDA	
There were no declarations of interest.	
3. GOVERNANCE	
<p>a) Election of Chair Mr. David Evans proposed and Mrs. Susan Trevor seconded that Mr. Nick Hoskins be appointed Chair of the Board of Management. Mr. Hoskins accepted the nomination and was duly elected to the position of Chair of the Board of Management of Mid-Wales Housing Association.</p> <p>b) Election of Deputy Chair Mr. Nick Hoskins proposed and Mr. Richard Martin seconded that Mr. David Evans be appointed Deputy Chair of the Board of Management. Mr. Evans accepted the nomination and was duly elected to the position of Deputy Chair of the Board of Management of Mid-Wales Housing Association.</p> <p>c) Election to Scrutiny Committee By rule, Mr. Ray Dowling stood down from the Scrutiny Committee</p>	

<p>this year but indicated his willingness to stand again for membership of the Committee. There being no other nominations, Mr. Dowling was duly re-elected to the Scrutiny Committee.</p> <p>d) Nomination to Care & Repair in Powys The Chief Executive commented on the likely changes faced by the Agency in the next year, and that committee stability may be an issue of which the Board may wish to take account. Mr. Jim Lloyd, Mr. Richard Martin and Mr. Ray Dowling all indicated their wish to continue. Members agreed to confirm the existing members as the Association's nominated representatives to the Management Committee of Care & Repair in Powys.</p> <p>e) Co-option to the Board of Management Mr. Brian Christopher proposed and Mr. Richard Martin seconded that Ms. Suzan Willis be co-opted to the Board of Management. Ms. Willis accepted the nomination and was duly co-opted to the Board of Management. She was congratulated by the Chair of the Association on this appointment.</p>	
<p>4. MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON 27TH JULY 2011</p> <p>Mr. Brian Christopher proposed and Mrs. Susan Trevor seconded that the minutes of the meeting held on 27th July 2011 be approved as a true record. All Members were in agreement.</p>	
<p>5. MATTERS ARISING FROM PREVIOUS BOARD OF MANAGEMENT MEETINGS</p> <p>In relation to item 19 of 21st April 2010 (bid for properties at Lake Vyrnwy), the Chief Executive referred to a recently disclosed article within the County Times stating that the Association's bid had been declined. He added that Severn Trent Water (STW) considers the Association's offer to be unacceptable but they have not instructed their agent to reject the offer and are considering a managed disposal to break up Lot 4 (housing). The Chief Executive commented that the Association's bid may no longer be valid given changes to a number of factors in the 12 months since it was made.</p> <p>A Member stated that recent publicity about the housing had indicated that they were in a poor state of repair, and therefore the Association may welcome the opportunity to reconsider its offer. The Chief Executive said that the valuation put on the properties by STW was considerably in excess of the Association's own estimated valuation and added that no other buyer had shown any interest in purchasing them.</p> <p>Mr. Jim Lloyd proposed and Mr. Richard Martin seconded that the Association's original bid be offered for a maximum period of one more month, when it will be withdrawn. All Members were in agreement.</p>	<p>CE</p>

<p>In relation to item 6 of 25th May 2011 (restructuring of Care & Repair in Powys), the Chief Executive explained that he was hopeful of increased attendance by Powys County Councillors on the Committee following the decision to nominate a representative from each shire. The observer from Powys County Council informed the meeting that those nominations had been agreed earlier in the day to include Cllr. Bobby Mills, Cllr. Sarah Millington and a councillor from Builth Wells. <i>{Subsequently confirmed as Cllr. Avril York}</i>. The Chair stated that he hoped the new Council nominees will be able to commit more fully to the work of the agency. A Member agreed, saying that Cllr. Millington, had volunteered to be the committee representative on the staff interface and lean systems review.</p> <p>Members accepted the report for information.</p>	
<p>6. MINUTES OF THE SCRUTINY COMMITTEE MEETING HELD ON 20TH JULY 2011</p> <p>Members received the minutes for information.</p>	
<p>7. BROAD BUDGET PARAMETERS</p> <p>The Director of Corporate Services explained that one of the broad parameters which Board needs to set for officers is the generation of a surplus of £233k in the 2012/13 financial year, as outlined in the Business Plan.</p> <p>With reference to point 7.5 Salaries, a Member commented that the anticipated inflationary increase of approximately 5% (October RPI) for salaries is not mandatory and regard only should be given to this figure. The Director of Corporate Services confirmed that whilst sums may be accounted for in the budget it does not assume that that is the cost / budget that will be spent.</p> <p>In response to a Member's question about the current economic uncertainties within Europe, the Chief Executive explained that the Association had taken a prudent approach to its budgeting which puts it in a favourable position.</p> <p>Mr. David Evans proposed and Mrs. Susan Trevor seconded that the parameters for setting the 2012-13 budget as outlined below be approved:</p> <ul style="list-style-type: none"> • Zero-based budgeting approach. • Surplus per business plan of £233,700. • Compliance with funders' covenants; 115% interest cover and 65% gearing. • Inflation based on RPI (likely to be c5%). • LIBOR on variable interest at 2.5%. • Rent increase per Welsh Government guidelines. 	

- Service charge income to match ability to recover cost.
- Maintenance budget per Asset Management Strategy.
- Fixed loan interest per agreements.
- Pay budget increase per October RPI.
- No inflationary increase unless contractual.

All Members were in agreement.

8. REVOLVING LOAN GUARANTEE FUND (RLGF) – UPDATE

The Chair reminded Members that the purpose of this pilot project is to install photovoltaic (pv) panels on 100 properties via a £10,000 contribution to a guarantee fund. He said that the Association is extremely conscious of finding ways of tackling tenants’ energy problems and is keen to install panels by the end of March 2012 to maximise the benefit from the feed-in tariff.

A Member commented that the Association could build a large number of homes for the total outlay and felt that the project would raise equality issues, given that only some tenants would benefit. The Chair reminded the Member that Board had previously given its approval to pursuing this project.

The Chief Executive explained that in conjunction with Empower Communities, the Association eventually hopes to provide free electricity during the day, by means of the installation of pv panels, to around 45% of its tenants. A Member once again stressed his belief that money should be directed towards housing people in need rather than enhancing properties. The Chief Executive explained that a balance had to be struck between that and consideration for the Association’s existing tenants where a small window of opportunity exists to provide fuel savings to tenants. He added that whilst he understood the Member’s concerns and the fact that not all tenants will benefit, he said that the RLGF has the potential to offer other energy saving initiatives in the longer term. The Chair emphasised that this money is not available for house building, and if it is not accepted, the Association would lose it.

A Member queried whether the initiative would present an increased risk to the Association’s gearing. The Director of Corporate Services replied that there will be no risk to the Association’s assets, but that an increase of 3% on gearing is anticipated as a result of installing the PV panels.

A Member noted the arrangement fee of 2% and queried whether the Association could repay the £6.2 million loan less the arrangement fee. The Director of Corporate Services explained that Community Housing Cymru is keen that all associations should pay their share of the arrangement fee.

<p>In response to a Member’s question, the Director of Operational Services explained that the Association was making the appropriate arrangements to engage contractors and skilled labour to undertake the work with Empower Communities.</p> <p>In conclusion, the Chief Executive noted the concerns minuted above by a Member, but stated that the RLGf is a pragmatic approach to maximise benefits for tenants in the longer term.</p> <p>An observer questioned how the 100 properties taking part in the pilot project will be chosen. The Chair explained that the choice had not yet been made but it will be based on a roof suitability survey and practical checks, with time being of the essence.</p> <p>Ms. Julie Pearce proposed and Mr. David Evans seconded that:</p> <ul style="list-style-type: none"> i. Members noted the progress in developing the RLGf funding. ii. That Members approved the Head of Terms from Dexia Bank. iii. That Members gave delegated authority to the Director of Corporate Services, in conjunction with the Chair, to approve the engagement of solicitors for the RLGf and to finalise the details of the funding offer with Dexia Bank. <p>There were nine votes in favour of the proposal and one vote against and therefore the proposal was carried.</p>	
<p>9. PROCUREMENT POLICY</p> <p>The Chair commented that the Welsh Government sees this as the way forward, with localism and procurement being the current “buzzwords”. Whilst the policy should allow local companies to bid this was about providing local companies with an opportunity to be competitive, not giving the work to local companies where this was not justifiable This might mean that larger contracts are broken up into smaller “lots”. The Director of Operational Services agreed with a Member’s suggestion that an element of staff time should be included. The Chief Executive commented that the Association’s development viability assumptions had been altered to account for staff time but pointed out that as staff do not keep timesheets, this element will be estimated.</p> <p>Mrs. Morag Bailey proposed and Mr. Brian Christopher seconded that the Association moves to a principle of competition and best value for the organisation to achieve the outcomes that are in the best interest of the organisation. This seeks to place clear outcomes based upon price, quality and time being the objectives sought by the Association.</p> <p>All Members were in agreement.</p>	<p>DOS</p>

10. TENANT REWARD SCHEME POLICY

A Member commented that the procedure of awarding a gift card for one of the two main supermarkets in Mid-Wales did little to support local business and wondered whether the Association had received any incentive from the supermarkets. The Chief Executive replied that no incentive had been offered but the choice of the supermarkets was a pragmatic one that took account of the geography of the area. The Director of Corporate Services explained that these dilemmas had been debated at the Tenants' and Residents' Forum (TaRF) and they opted for this solution as being the most cost effective and practical.

A Member requested that the Association monitors (within the key performance areas) the number of gift cards awarded to ensure not too many are given away and that the cost against budget is highlighted when setting next year's budget. The Director of Corporate Services further explained that all Tenant Participation costs are reported and monitored by TaRF.

A Member commented that the procedure needs to consider additional ways in which Tenants may participate.

Mr. Ray Dowling proposed and Mr. Brian Christopher seconded that the Tenant Reward Scheme Policy be approved. All Members were in agreement.

11. MANAGEMENT INFORMATION

a) Monthly Metrics

It was noted that performance had worsened in Occupancy Voids/Relets for both general needs and supported housing.

With reference to a Member's comment, the Director of Corporate Services undertook to check the direction of the long term trend arrow for Rent Arrears in August which appeared to show an improvement in contrast to the reported figures.

The Chief Executive explained the reason for the lack of information relating to the Marketing and PR Objectives metric due to it being reported quarterly. In fact, staff had attended eight community events in the last quarter. He added that quarter 2 information will be reported to Board in November. Members suggested this was better reported on a monthly basis.

Mr. David Evans proposed and Mrs. Morag Bailey seconded that the Monthly Metrics report be approved. All Members were in agreement.

DoCS

b) Mid-year Review of Business Plan Progress

The Chief Executive explained that this report had been presented to Board to give an assurance regarding the progress of objectives within this year's Business Plan. A Member queried why, in some circumstances, progress was shown as 0%, when the comments clearly indicated the opposite. The Chief Executive replied that it was the first time that Covalent had been used to produce such a report and it is not yet operating perfectly. In particular the "milestones" adopted might need to be more sophisticated in future to give a more accurate picture.

A Member queried whether the cancelled icon could be shown in a different colour to avoid confusion with the overdue icon.

The Director of Operational Services undertook to supply details of the location of the AJH site in Aberystwyth to Mr. David Evans. *{Subsequently viewed in the office}*

A Member queried the reasons why Tai Cantref and North Wales Housing Association had declined to join the Association with the student accommodation project in Aberystwyth. The Chief Executive explained that both associations felt the project was too large.

Members accepted the report for information and noted that it covered the first six months of a five year plan.

DoCS

12. RECOMMENDATIONS FROM THE SCRUTINY COMMITTEE MEETING HELD ON 21ST SEPTEMBER 2011

Mrs. Morag Bailey proposed and Ms. Julie Pearce seconded that the following recommendations be approved:

- i. The action plans arising from the TIAA internal audits for:
 - Governance Review of the Performance Monitoring Arrangements;
 - Compliance Review of the Responsive Maintenance Arrangements;
 - The Compliance Review of the Development Contract Management Arrangements.

- ii. That the problems experienced at the Ponterwyd development are noted together with the corresponding remedies which the Association has introduced.

- iii. The actions of the Director of Corporate Services in relation to Service Charges, as shown below:
 - a) stop issuing Service Charge statements for 2011/12, unless

<p>they are requested;</p> <ul style="list-style-type: none"> b) request IBS consultants to review the way the Service Charge module has been set up and used; c) instruct a comprehensive check of notifications of Service Charges within the Rent and Service Charge notification letter and the Service Charge statements printed and the details held on the system to be undertaken; d) instruct work to be undertaken to ensure all the details on the Service Charge module agree with the Rent and Service Charge notification letter and ensure all costs are correctly described; e) instruct work of visiting each of the 'complex' housing schemes (e.g. Gwel Afon, Bro Dulas, Pine Court, etc.) to determine with residents what services are actually being provided and how those costs should be allocated across the properties of the scheme; f) instruct the thorough review of how the service costs are 'captured' for each housing scheme and make whatever changes are necessary to ensure all costs are accurately and correctly allocated to schemes; g) re-structure the Finance Team to give sufficient time to the administration of Service Charges to ensure the systems and procedures are working correctly; h) ensure the Finance team is properly trained in the operation of Service Charges. <p>All Members were in agreement.</p>	
<p>13. BAD DEBT PROVISIONS AND WRITE-OFFS</p> <p>The Director of Corporate Services explained that the increase in total arrears between 2007 and March 2011 is due to the increase in monies expected from Housing Benefit.</p> <p>A Member commented that she had no issue with the level of bad debts and write-offs but questioned what the Association was doing to recoup the housing benefit money and reminded everyone that it is "real money". Together with another Member, she indicated that she wished to know the value of "real arrears" rather than fluctuations within housing benefit payments, as she warned that the impact will be even greater with the introduction of the proposed welfare benefit reforms.</p>	

<p>The Director of Operational Services explained that the Association is experiencing difficulties with the payment of housing benefit and undertook to report specifically within the matters arising at the next Board meeting. He stressed that the Association's Housing Services team will be more fully engaged in rent arrears and will place more emphasis on them in the future, once the team is back to full strength (one member of staff currently on long term sick leave).</p> <p>A Member queried the level of support given to tenants by the Association to recoup their unpaid housing benefit, as she explained it is very difficult to claim back money owed. The Director of Operational Services replied that the Finance and Housing Services teams are taking responsibility for engaging with tenants about this and assured Members that the teams were treating it with some urgency.</p> <p>The Chief Executive added that the Housing Services Manager had been speaking with his counterparts in the local authorities regarding this issue and Powys County Council has accepted ownership of the problem due to delays.</p> <p>A Member requested a category breakdown of arrears between housing benefit and "genuine" arrears. Members were in agreement with the suggestion that the Director of Operational Services and Director of Corporate Services will circulate a full report to Members by email as soon as possible rather than wait until the next Board of Management in November. <i>{Subsequently sent}</i></p> <p>Mr. David Evans proposed and Mr. Ray Dowling seconded that the report be approved, with the addition of the words "and management of housing benefit" to recommendation 3.3. However, a Member commented that he did not believe that the Association had demonstrated good performance in the management of housing benefit. The Chief Executive accepted his comment.</p> <p>Mrs. Morag Bailey proposed an amendment to the proposal whereby "Members noted the contents of the report", which was seconded by Mrs. Susan Trevor. There were eight votes in favour of the amendment and one abstention and therefore the amendment was carried that Members noted, but did not approve, the contents of the Bad Debt Provisions and Write-Offs report.</p>	<p>DOS</p>
<p>14. INSURANCE SERVICES</p> <p>The Director of Corporate Services advised Members that the missing figure in the table on page 1 from Tai Eryri was £41.95.</p> <p>A Member queried whether the total premium cost of £60k included the</p>	

<p>offered discount of £5k. The Director of Corporate Services replied that it will reduce to £55k with the discount, equating to a cost per property of £42.44. He further indicated that the approximate cost of re-tendering the service would be £3.5k. To date, only one quotation has been received for the retender.</p> <p>In response to a Member's question, the Director of Corporate Services explained that an agent is used to provide professional guidance in the tendering process which is governed by the OJEU process.</p> <p>Mr. Richard Martin proposed and Mr. Jim Lloyd seconded that the continuation of Zurich in providing insurance services for two years at a £5,000 discount from the 2012 premiums be approved. All Members were in agreement.</p>	
<p>15. THE IMPLEMENTATION OF COMPONENT ACCOUNTING</p> <p>In response to a Member's question, the Director of Corporate Services advised that he did not anticipate any problems arising with the introduction of a new system which does not integrate with IBS.</p> <p>A Member commented that whilst she agreed with the recommendations, she was unable to reconcile the figures quoted in the conclusion with those in the table on page 1. The Director of Corporate Services confirmed that the costs should be those shown in the summary table in section 2 and not as stated in the conclusion.</p> <p>Mrs. Morag Bailey proposed and Mrs. Susan Trevor seconded that:</p> <ul style="list-style-type: none"> i. The Association purchases the RAM (Real Asset Management) software for the implementation of component accounting at a total cost of £18,100. ii. The provision of a budget of £5,000 to enable the implementation of component accounting be approved. <p>All Members were in agreement.</p>	
<p>16. THE DEVELOPMENT OF BOARD CHAMPIONS AND TRAINING NEEDS</p> <p>Following a short discussion where it was noted that some service areas had more than one Member volunteering to be the Champion, it was agreed that Mr. David Evans will become Champion for Service Charges and Mr. Brian Christopher will become Champion for Fuel Poverty and Energy Sources. It was also noted that once the new Board Members had settled into their roles, they may wish to volunteer to champion some of the unfilled positions.</p>	

The list of Champions is shown below:

- Richard Martin – Welsh language
- Ray Dowling – Equality and Diversity
- Julie Pearce – HR/Staff Development
- Wynne Davies – Repairs and Maintenance, Housing Development, Health and Safety
- Jim Lloyd – Tenant Participation and New Business Development
- Morag Bailey – Housing Management, Tenant Participation and Lean Systems
- David Evans – Service Charges
- Brian Christopher – Fuel Poverty and Energy Sources
- Susan Trevor – Customer Care

There are “vacancies” in the following service areas:

- Finance and Funding
- Marketing/PR
- IT

The Chair thanked Members for assuming these roles, which he believed played to Members’ skills and interests. He added that in undertaking their particular role as a designated Board Champion, Members should feel free to seek the input and information of relevant members of staff and/or tenants. They are encouraged to involve themselves, at their choice, in areas of relevant training, attending industry seminars and conferences and become involved in appropriate networking opportunities. By this approach, he envisaged that the Association would benefit from Members being closer to staff and overall individual Members would become the acknowledged “voice” for specific areas of the Association’s activities.

Members undertook a discussion about training, of which there are two types: that which is necessary for good governance and that which relates to a Member’s own interest. The Chair explained that invitations to attend external courses had greatly increased in recent times and so had their popularity with some Members. This was leading to another possible overspend of the Members’ Training/Conference budget for the current year. Inevitably, this could unfairly disadvantage those Members who so far had not engaged in external training or attended conferences and seminars. The Chair therefore proposed that in future, the Training and Conference/Seminar budgetary needs of the Members should be assessed in consultation and approved annually by the Board. The overall figure is then to be divided equally among the Members for their own discretion in spending.

Regarding the remainder of this current financial year, preference for requests for training will be given to those Members who have so far

<p>underspent their nominal allocation. He added that it is fair to accept that the two new Board Members should receive a greater level of training during their first year and therefore suitable allowances will be available during the remainder of this current financial year.</p> <p>Mr. Ray Dowling proposed and Mr. David Evans seconded that:</p> <ul style="list-style-type: none"> i. The individual Members are endorsed into the roles of Board Champions as summarise above; ii. The Terms of Reference are approved; iii. The planned use of the training budget as outlined within the report be approved. <p>All Members were in agreement.</p>	
<p>17. GEARING COMPARISON AND ASSESSMENT</p> <p>Members accepted the report for information.</p>	
<p>18. USE OF SEAL</p> <p>The Use of Seal was tabled at the meeting. A Member queried whether there was any potential conflict of interest in a spouse signing his/her husband/wife's share certificate. The Chief Executive commented that there should not be an issue given there are two other independent signatories; however, he agreed that it was probably not best practice.</p> <p>Mr. Richard Martin proposed and Mr. David Evans seconded that the Use of Seal be ratified. All Members were in agreement.</p>	
<p>Cllr. John Steadman left the meeting at this point.</p>	
<p>19. DATE AND TIME OF FUTURE MEETINGS</p> <p>The Minute Secretary undertook to email Members for their availability in November to confirm a date for the Business Planning Away Day.</p>	MS
<p>20. ANY OTHER BUSINESS</p> <p>There being no further non-confidential business, Mrs. Field and Mr. Doughty left the meeting at this point and were thanked by the Chair for their attendance.</p>	

Agenda items numbered 21-26 are recorded under the Confidential Minutes of the Board of Management meeting of Mid-Wales Housing Association.